

Message Text

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ACTION COME-00

INFO OCT-01 AF-06 IO-10 ISO-00 EB-07 STR-04 AGR-10 FEA-01

CEA-01 CIAE-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 /111 W

----- 008096

R 301521Z JUL 75

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 2372K

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMEMBASSY GABORONE

AMCONSUL JOHANNESBURG

MAMEMBASSY MASERU 1835

MAMEMBASSY MBABANE 1806

USDEL MTN GENEVA

USMISSION GENEVA

UNCLAS PRETORIA 2856

E.O. 11652: N/A

TAGS: ETRD, SF, EAGR

SUBJ: SOUTH AFRICAN EXPORT RESTRICTIONS

REF: STATE 146681

SUMMARY. SOUTH AFRICAN EXPORT LICENSING DESCRIBED IN DOCUMENTS
AVAILABLE IN WASHINGTON. MOST PRODUCTS SUBJECT TO LICENSING ARE
CONTROLLED FOR STRATEGIC REASONS. OTHER REASONS FOR LICENSING
INCLUDE CONSERVATION OF DOMESTIC SUPPLY, INFLATION CONTROL, PROTECTION

OF DOMESTIC PROCESSING, FULFILLMENT OF INTERNATIONAL OBLIGATIONS,
REINFORCEMENT OF IMPORT BANS. SA ALSO TAXES EXPORTS OF DIAMONDS
AND CONTROLS MUCH AGRICULTURAL MARKETING THROUGH STATE MARKETING
BOARDS. EMBASSY UNABLE COMMENT OF EFFECTS ON TRADE WITHOUT MORE
GUIDANCE. END SUMMARY.

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QM SOUTH AFRICA RESTRICTS EXPORTS OF CERTAIN PRODUCTS UNDER SECTION 2 OF THE IMPORT AND EXPORT CONTROL ACT (ACT 45) OF 1963. THE PRODUCTS CONTROLLED ARE SUBJECT TO EXPORT LICENSING AND ARE LISTED IN GOVERNMENT GAZETTE NO. 3074 OF APRIL 23, 1971. THE (LONG) LIST IN 3074 HAS SINCE BEEN EXTENDED BY THE ADDITION OF HUMAN BLOOD AND CANNED FISH (GAZETTE 3456 OF APRIL 7, 1972), COAL, COKE, AND CERTAIN PETROLEUM PRODUCTS (4103 OF DECEMBER 14, 1973), AND SUGAR AND PRODUCTS CONTAINING SUGAR (4370 OF AUGUST 30, 1974). THESE LICENSING REQUIREMENTS ARE OF INDEFINITE DURATION.

2. THE SOUTH AFRICAN GOVERNMENT GAZETTE IS AVAILABLE IN WASHINGTON FROM STATE (LR), COMMERCE (BIC/OIM/AF) AND DEFENSE (DMATC), MOST OF THE ITEMS IN GAZETTE 3074 ARE CONSIDERED STRATEGIC AND ARE CONTROLLED EITHER TO PREVENT THEIR REACHING UNFRIENDLY HANDS OR TO INSURE THAT SOUTH AFRICA HAS AN ADEQUATE SUPPLY OF THEM FOR EMERGENCY USE. SOME PRODUCTS ARE THE SUBJECT OF A GOVERNMENT PROGRAM TO REQUIRE COMMERCIAL FIRMS TO STOCKPILE CERTAIN ITEMS IN QUANTITIES BEYOND THEIR COMMERCIAL NEEDS. THE GOVERNMENT FINANCES THE STOCKPILING PROGRAM AND IMPOSES EXPORT CONTROL TO INSURE THAT IT IS NOT NEGATED BY EXCESSIVE EXPORTS. ITEMS MARKED "I" IN GAZETTE 3074 ARE CONSIDERED STRATEGIC.

3. LISTED NON-STRATEGIC ITEMS ARE CONTROLLED FOR VARIOUS REASONS. THESE REASONS ARE NOT OFFICIALLY ANNOUNCED OR PUBLISHED BUT WE HAVE BEEN GIVEN THE FOLLOWING INFORMAL EXPLANATIONS.

4. COAL, COKE AND PETROLEUM ARE CONTROLLED BECAUSE OF THE ENERGY CRISIS AND THE ARAB OIL EMBARGO AGAINST SOUTH AFRICA.

5. SUGAR AND PRODUCTS CONTAINING SUGAR ARE CONTROLLED AS A PART OF A NATIONAL POLICY TO KEEP LOCAL SUGAR PRICES LOW. EXPORT CONTROL PREVENTS TRADERS FROM BUYING CHEAP SUGAR ON THE DOMESTIC MARKET AND SELLING IT AT HIGH WORLD PRICES.

6. CANNED FISH IS CONTROLLED IN ORDER TO PREVENT THE EXPORT OF FISH LANDED IN SOUTH AFRICA BY FOREIGN FISHING VESSELS, SUCH LANDINGS ARE PROHIBITED BUT EXPORTS ARE CONTROLLED AS A KIND OF ADDITIONAL DISCOURAGEMENT TO THE LANDING OF FISH FROM FOREIGN VESSELS.

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UM ALUMINUM IS CONTROLLED BECAUSE OF A LACK OF LOCAL RESOURCES.

8. CERTAIN PRODUCTS OF IRON AND STEEL IN UNWORKED OR SEMI-WORKED FORM ARE SUBJECT TO LICENSING IN ORDER TO ENABLE THE GOVERNMENT TO PROTECT LOCAL INDUSTRIAL PROCESSING, I.E. TO PROVIDE METAL WORKING INDUSTRIES WITH CHEAP RAW MATERIAL.

9. LEAD AND ZINC ARE CONTROLLED BECAUSE OF AGREEMENTS MADE IN THE

INTERNATIONAL LEAD AND ZINC STUDY GROUP.

10. COFFEE IS CONTROLLED BECAUSE OF AN AGREEMENT WITH ANGOLA
THAT PREVENTS SA FROM RE-EXPORTING ANGOLA COFFEE.

1. JUTE IS CONTROLLED BECAUSE OF SHORTAGES RESULTING FROM THE
BOYCOTT AGAINST SA BY INDIA AND BANGLADESH.
2. ANIMAL PROTEIN (FISHMEAL AND MUPCUIX#BONEMEAL FOR LIVESTOCK,
BONE, FEEDSTUFFS AND FODDER ARE CONTROLLED IN ORDER TO STABALIZE
DOMESTIC PRICES.

13. THESE ARE NOT OFFICIAL SAG EXPLANATIONS BUT ARE PROBABLY ACCURATE
AS FAR AS THEY GO. IF DEPARTMENT WISHES WE CAN DOUBTLESS
OBTAIN A FULL EXPLANATION OF THE REASONS BEHIND THE CONTROL
OF ANY SPECIFIC ITEM, BUT TO EXPLAIN THEM ALL IN FULL DETAIL
WOULD
REQUIRE AN EXTENSIVE RESEARCH EFFORT.

14. IN ADDITION TO EXPORT LICENSING, SOUTH AFRICA IMPOSES A 15 PERCENT

TAX ON THE EXPORT OF UNCUT DIAMONDS AND REQUIRES THAT OVER TWENTY
AGRICULTURAL COMMODITIES BE MARKETED ONLY THROUGH MARKETING
BOARDS. THE DIAMOND TAX IS DESIGNED TO PROTECT LOCAL CUTTERS.

IN GENERAL THE MARKETING BOARDS LIMIT EXPORTS IN ORDER TO ASSURE
THAT LOCAL DEMAND WILL BE SATISFIED BEFORE EXPORTS ARE PERMITTED
AND IN ORDER TO STABILIZE DOMESTIC PRICES.

5.UD
MEASURES(EXPORT LICENSING, EXPORT TAXES, MARKETING
BOARDS) OBVIOUSLY AFFECT AND EVEN DISTORT INTERNATIONAL TRADE.
THEY HAVE HOWEVER BEEN IN EFFECT FOR SOME TIME AND AS FAR AS WE
KNOW HAVE NOT PROVOKED SIGNIFICANT CRITICIZM FROM OTHER
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COUNTRIES, POSSIBLY BECAUSE MANY OTHERS IMPOSE SIMILAR RESTRAINTS.
WE DO NOT FEEL ABLE TO MAKE ANY OTHER MEANINGFUL COMMENT ON THE
EFFECT OF THESE MEASURES ON TRADE WITHOUT MORE PRECISE GUIDANCE
ON WHAT IS NEEDED. WE ARE OF COURSE NOT EQUIPPED TO UNDERTAKE A
MACRO-ECONOMIC STUDY OF THE TRADE FLOWS THAT COULD BE EXPECTED IF
THESE RESTRICTIONS DID NOT EXIST.

BOWDLER

NOTE BY OCT: #TEXT AS RECEIVED.

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Margaret P. Grafeld
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